

The subject matter of the closed meeting scheduled for Friday, January 24, 1997, at 10:00 a.m., will be:

Injunction and settlement of injunctive actions.

Institution and settlement of administrative proceedings of an enforcement nature.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact: The Office of the Secretary at (202) 942-7070.

Dated: January 17, 1997.

Jonathan G. Katz,

Secretary.

[FR Doc. 97-1633 Filed 1-17-97; 12:24 pm]

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[Release No. 34-38170; File No. SR-CHX-96-28]

**Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Order Granting Approval to Proposed Rule Change Relating to Clearing The Post**

January 15, 1997.

On November 4, 1996, the Chicago Stock Exchange, Inc. ("CHX" or "Exchange") submitted to the Securities and Exchange Commission ("SEC" or "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend Article XX, Rule 10, interpretations and policies .01 relating to clearing the post.

Notice of the proposal was published for comment and appeared in the Federal Register on November 25, 1996.<sup>3</sup> No comments were received on the Exchange proposal. This order approves the Exchange proposal.

**I. Description**

On May 30, 1996, the Commission approved the CHX's Minor Rule Violations Plan ("Plan").<sup>4</sup> The Exchange's clearing the post rule, Article XX, Rule 10 was included under the Plan, making violations of this rule subject to the summary fine procedures contained in the Plan. Pursuant to Article XX, Rule 10, interpretations and policies .01, violators of the Exchange's clearing the post rule are currently subject to automatic fines of a minimum

of fifty dollars, to be assessed by the Exchange's Committee on Floor Procedure.

The purpose of the proposed rule change is to eliminate the authority of the Exchange's Committee on Floor Procedure with respect to assessing fines for violations of the clearing the post rule. The Exchange believes that minor violations of the clearing the post rule are better handled through the new summary fine procedures contained in the Plan rather than through the Committee on Floor Procedure. The Exchange further believes that using the Plan as the lone summary fine procedure will achieve a uniform procedure for imposing fines for violations of this Exchange rule.

**II. Discussion**

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange. The Commission believes the proposal is consistent with the requirements of Section 6(b)(5) and Section 6(b)(6).<sup>5</sup> More specifically, the Commission believes the proposal is consistent with the Section 6(b)(5) requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, and, in general, to protect investors and the public interest.<sup>6</sup>

An Exchange's ability to effectively enforce compliance by its members and member organizations with Exchange rules is central to its self-regulatory functions. The Exchange's earlier inclusion of the clearing the post rule under the Plan was intended to make the Exchange's disciplinary system more efficient in prosecuting more egregious and/or repeated violations of this rule, thereby furthering its mandates to protect investors and the public interest.<sup>7</sup> Under the Plan, the staff of the Exchange presents the facts supporting violative conduct to a Minor Rule Violation Panel ("Panel"), which consists of three floor members appointed by the President of the Exchange.<sup>8</sup> The Panel is then authorized

<sup>5</sup> 15 U.S.C. § 78f(b)(5) and 15 U.S.C. § 78f(b)(6).

<sup>6</sup> In approving this rule change, the Commission has considered the proposed rules' impact on efficiency, competition, and capital formation. 15 U.S.C. § 78c(f).

<sup>7</sup> The Minor Rule Violations Panel has the authority to recommend that the Exchange commence a formal disciplinary proceeding. See Securities Exchange Act Release No. 37255 supra note 4.

<sup>8</sup> A Minor Rule Violation Panel must consist of one member of the Committee on Floor Procedure, one member of the Committee's Rules

to either impose the fine, reject the staff's recommendation, or recommend that the Exchange commence a formal disciplinary proceeding under Article XII of the CHX rules. If the staff decides not to recommend the commencement of a formal disciplinary proceeding, the Panel is required to impose a fine in accordance with the provisions of the procedure. The Exchange has made a reasonable determination that preserving a similar summary fine procedure vested in the Committee on Floor Procedure is unnecessary and redundant.

The Commission believes the proposal is consistent with the Section 6(b)(6) requirement that the members of an exchange be appropriately disciplined for violations of the rules of the exchange. Under the plan, minor violations of the clearing the post rule are punishable by a minimum fine of \$100 (as opposed to a minimum \$50 fine imposed by the Committee on Floor Procedure). Eliminating the authority of the Committee on Floor Procedure to fine violations of the clearing the post rule thereby serves to eliminate a potentially inconsistent fine amount and procedure, and ensures a uniform summary fine procedure for minor violations of the clearing the post rule.

**III. Conclusion**

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>9</sup> that the proposed rule change (SR-CHX-96-28) is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97-1435 Filed 1-21-97; 8:45 am]

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[Release No. 34-38153; File No. SR-PTC-96-08]

**Self-Regulatory Organizations; Participants Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Extending the Time for the Close of the Collateral Loan Facility and the Deadline for Participant Payment of Settlement Obligations**

January 10, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

Subcommittee, and one member not on the Committee or any of its subcommittees. See Securities Exchange Act Release No. 37255 supra note 4.

<sup>9</sup> 15 U.S.C. § 78s(b)(2).

<sup>10</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. § 78s(b)(1) (1988).

<sup>2</sup> 17 CFR 240.19b-4 (1994).

<sup>3</sup> See Securities Exchange Act Release No. 37964 (November 19, 1996), 61 FR 59918 (November 25, 1996).

<sup>4</sup> Securities Exchange Act Release No. 37255 (May 30, 1996), 61 FR 28918 (approving File No. SR-CHX-95-25).